

CHARLES G. CLARK
SPECIAL REPRESENTATIVE

UNION PACIFIC RAILROAD COMPANY



EXHIBIT 2
DATE 3.30.07
HB 838

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March 28, 2007

Representative Bob Lake
Chairman of the Taxation Committee
& Members of the Committee
Montana House of Representatives
Statehouse
Helena, Mt 59620-0402

Mr. Chairman and Members of the Committee:

Union Pacific is opposed to House Bill 838. Simply put it's the wrong solution to problems that are currently being addressed by the federal agency that has jurisdiction over such issues.

Union Pacific Railroad and its predecessors have served western Montana since the late 1880's. UP is now the largest railroad in North America serving 23 states. We have direct access to markets in Mexico and Canada. Union Pacific has facilities throughout the western seaboard and excellent connections with the eastern railroads. UP today serves primarily the Port of Montana in Butte, and Dillon and we move Montana lumber, grain, fertilizer, automobiles, and a host of other industrial and agricultural products.

It has been my experience that many Montanans do not know that Union Pacific serves them. UP is the only other major railroad in Montana. Although small in track miles (125) and employees (12, most in Dillon, MT), we do provide some Montana shippers with a competitive rail option.

House Bill 838 is before you to address issues in transportation policy through tax policy. This was also attempted and rejected in 2005 in HB 703. This legislation primarily expressed legislative frustration with freight rates and proposed to provide relief to Montana shippers through adjusting property tax policy for only one type of taxpayer in the state.

Frustration still persists about railroad freight rates and HB 838 has been introduced to address this frustration. However, the Surface Transportation Board (STB) has two proceedings under current active consideration, among others. They are Ex Parte No. 646 (Sub No. 1) called "Simplified Standards for Rail Rate Cases", and Ex Parte No. 665 titled "Rail Transportation for Grain." The STB recently held separate hearings in both

proceedings. The STB started these proceedings to address the same issues that precipitated the introduction of HB 838

It is our belief that the STB will fairly address Montana and other state's shipper's railroad freight issues. This is the way to resolve railroad freight rate concerns, not by adjusting the state's property tax policies for only one class of taxpayer.

UP would recommend that this committee table HB 838. Thank you.

A handwritten signature in cursive script, appearing to read "Charles G. Clark".

Charles G. Clark
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